

hot TOPICS



IPD Financial Aid News

Volume 7, Issue 3

July 2005

Table of Contents

FAFSA Announces Deadlines	1
ED Updates 2005–2006 FSA Handbook Online.....	1
Subsequent Changes on ISIRs May Cause Information Conflicts.....	2
ED Permits Early Repayment.....	2
ED Issues Compliance Rules with New Constitution Day Requirement.....	3
Bush Administration Proposes Revamp of Higher Education.....	3
Featured Institution of the Month.....	4
IPD Financial Aid Conference Attendees Ask Illuminating Questions.....	4
IPD Hires Director of Compliance	5
IT Eliminates the Financial Aid Global Distribution List.....	5
IPD Announces Financial Aid Training.....	5
Goings On.....	6
Editorial Staff.....	6

(Please note: you can click on the Table of Contents items to get to any article quickly.)

FAFSA Announces Deadlines

The following deadlines apply to both paper and electronic submissions of the 2004–2005 FAFSA. It is important to note that the Department of Education (ED) will make no exceptions to these deadlines. Schools and students are advised to submit 2004–2005 data to the Central Processing System (CPS) far enough in advance of the deadlines to allow time for corrections, if necessary.



- ◆ FAFSAs should have been received and accepted by the CPS no later than midnight, June 30, 2005.
- ◆ Corrections to 2004–2005 FAFSAs that have already been processed and include signature pages must be received and accepted by the CPS no later than midnight, September 15, 2005.

ED Updates 2005–2006 FSA Handbook Online

Volume 4—Processing Aid & Managing FSA Funds and Volume 5—Overawards, Overpayments, & Withdrawal Calculations of the 2005–2006 Federal Student Aid Handbook are now posted to the IFAP Web site at <http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksYearPag.jsp?p1=2005-2006&p2=c>.



Subsequent Changes on ISIRs May Cause Information Conflicts



On May 2, 2005, the National Association of Student Financial Aid Administrators (NASFAA) published an article clarifying that, as long as the estimated income information is accurate, applicants are *not required* to change the estimated income data to actual data. The article specifically states that "...estimated data do *not* in and of themselves constitute conflicting information; regulations do not prohibit their use as long as they are accurate. So, if the first ISIR an institution receives indicates that the applicant or parent 'will file' a tax return, you do not necessarily need to take any action unless the ISIR is selected for verification or the institution has other sources of information that conflict with the ISIR."

However, "changed data on a subsequent transaction do constitute conflicting information. So, if the institution later receives a subsequent transaction, the institution must examine that ISIR to ensure there is no changed information. If the income and tax figures differ from the earlier ISIR, then there is in fact conflicting information. If the later transaction also shows a change from 'will file' to 'already completed' a tax return, that change may be considered resolution of the conflicting income and tax information, and no further action is needed unless the ISIR was selected for verification or the school has other conflicting information. If the tax filing status was not updated to 'already completed,' the institution must take some other action to resolve the conflicting information that they now have between the two ISIR transactions. Provided the ISIR was not selected for verification, a written statement from, or (somewhat less desirable albeit acceptable) a documented conversation with, the applicant or parent confirming that the new data came from a completed return would resolve the conflict. So would the actual completed tax return once you have looked at all the relevant figures and found they match or, regardless of selection for verification, are within verification tolerances."

To view the complete article, click on the following link:

<http://www.nasfaa.org/publications/2005/rchangeddata050205.html>

ED Permits Early Repayment for Consolidation

According to the Department of Education's (ED's) issuance of GEN-05-08 (Lender's Options for Determining Federal Consolidation Loan Interest Rates and Permitting Borrowers to Enter Repayment Early), a borrower can request a repayment schedule that provides for repayment to commence at a date that is earlier than 6 months after the date the borrower ceases to carry at least one-half the normal full-time academic workload. If the lender grants the request, the loan enters the repayment period, and the borrower waives any applicable grace period. This is the case even if the borrower is currently enrolled in school.

GEN-05-08 continues to state, "Such a borrower will be eligible to obtain a consolidation loan to repay the loan on which early conversion to repayment was granted, assuming all other eligibility criteria are met." ED also confirmed that lenders have the ability to put such loans into an in-school deferment status at the borrower's request, as long as the student maintained at least half-time enrollment. The interest rate on the loan would be the deferment rate. If the borrower then decides to consolidate the Stafford Loan, the deferment interest rate would be used in calculating the weighted average interest rate on the consolidation loan.

To view GEN-05-08 and the ED's responses to questions on permitting borrowers to enter repayment early, click on the following link:

<http://www.ifap.ed.gov/dpccletters/GEN0508.html>



ED Issues Compliance Rules with New Constitution Day Requirement

On May 24, 2005, the Department of Education (ED) issued a Federal Register giving notice to the implementation of Constitution Day and Citizenship Day on September 17th of each year. ED has directed all educational institutions that receive federal dollars to offer students instruction on the U.S. Constitution. However, ED stops short of requiring a specific curriculum for the annual Constitution Day and Citizenship Day.

Instead, the ED points educators to Internet resources for information. All colleges, as well as elementary and secondary schools that receive aid from any federal agency, are required to implement the Constitution Day and Citizenship Day.



If September 17th falls on a Saturday, Sunday, or holiday, schools and colleges should schedule an educational program in the preceding or following week. However, according to Susan Aspey, a spokeswoman for the department, ED has no plans to monitor compliance.

To view the entire Federal Register, click on the following link:
<http://www.ifap.ed.gov/fregisters/FR05242005.html>

Bush Administration Proposes Revamp of Higher Education

According to an article published in *The Chronicle of Higher Education* on July 1, 2005, the Bush administration is calling for changes to the federal student loan programs that, over the next 5 years, would produce close to \$12 billion in savings. Most of those savings would come from cuts in the subsidies the government provides to lenders and guarantee agencies that participate in the guaranteed-student loan program. However, to the dismay of college leaders, the president's plan also calls for eliminating the Perkins Loan Program.

For the first time, the president's plan for shutting down the Perkins Loan Program was detailed in the bill. It states that, "...not later than October 1, 2006, an institution of higher education with a student loan revolving fund...shall remit to the Secretary of Education an amount equal to the Federal portion of the liquid assets of the fund, as determined on June 30, 2005."

The bill also states that by no later than 180 days after the enactment of the Higher Education Act Reform Amendments of 2005, "...the Secretary of Education shall publish, in the Federal Register, a notice describing a plan for the orderly return of Federal capital contributions, and the assignment of Federal Perkins Loans made under, part E of title IV of the Higher Education Act of 1965, to the Secretary."

The following are other significant changes that were proposed by the Bush administration:

- ◆ Enter a time limit (16 semesters) on how long students could receive Pell Grants to pay for college.
- ◆ Revise the formula for Federal Work-Study and Federal Supplemental Educational Opportunity Grants to ensure that those programs serve the neediest students.
- ◆ Allow borrowers to reconsolidate their loans more than once so they can lock in better interest rates.
- ◆ Require students to pay a fee, equal to 1% of the principal amount they have borrowed, to student-loan guarantee agencies.



To read more about the Bush administration's proposals, see <http://www.nasfaa.org/publications/2005/gpresheabil062405.html> and <http://chronicle.com/>. (*The Chronicle of Higher Education* article will require a password.)

Featured Institution of the Month

Warner Pacific College is located in Portland, OR in the beautiful Pacific Northwest. It is a Christian liberal arts college, founded in 1937, whose purpose is to develop persons as change agents characterized by integrity, transformation, a sense of mutual responsibility, and a pursuit of personal excellence. Responding to contemporary needs for adult education, the College launched a Degree Completion Program in the 1980s. A partnership between Warner Pacific and IPD resulted in the creation of a new Adult Degree Program, whose first cohort began classes in August 2004.

Warner Pacific's academic menu offers an associate's degree in Organizational Dynamics and two bachelor degrees: Business Administration and Human Development. A master's degree program is currently in the planning stages.

The Adult Degree Program moved into its new facility in October 2004 and held a Grand Opening in February 2005. It has seven classrooms, a student lounge area, and 10 staff offices in one location. As of the end of June 2005, the Program's enrollment counselors have enrolled 133 students, and 70 more have applied to start in August. The staff members are delighted with the Program's rapid growth, but they have certainly experienced growing pains as well. The executive director likes to joke about the Program's strategy being "design by use"—learning what procedures make sense as the staff gain experience. The staff members have also benefited from the wisdom of experience that other IPD client institutions have been willing to share.

The Program's challenges include an archaic academic/financial aid software system—CMDS—in which all of the packaging, loan certifications, disbursements, and tracking are done manually. The Program's blessings include excellent communication among the various (mostly one-person) departments.

The Financial Aid office is currently staffed by Alison Hilkiah, who was hired in December 2004. The office has a part-time position open now for a Financial Aid Counselor, and the staff anticipates that job becoming full-time as enrollment rises. The staff just welcomed a new Campus Accounting Manager, Paula Benton, in June.

If your personal or professional travel ever brings you to the Rose City, OR, please say hello. You are always welcome at Warner Pacific!

IPD Financial Aid Conference Attendees Ask Illuminating Questions

Q: When can/cannot Pell be awarded for repeat coursework?

A: On the "Processing Pell for Non-term Programs" PowerPoint presentation (first bullet point on the last slide), it states that "Generally, a student can receive Pell funds for credit hours already completed at the school only if he/she has completed a program and re-enrolls to take that program again or to take another program," and, at the conference, it was stated that the slide should have read "cannot receive." That was incorrect. If you look at the "Impact Matrix" under "Repeat Coursework," it notes that, generally, in non-term programs, you cannot award Pell for repeat coursework. The statement on the PowerPoint presentation refers to when you can award Pell—only when a student re-enrolls to take that program again or to take another program.



Q: If the associate's program is completed in 2 1/2 years, can you prorate the remaining period based on 3rd year loan limits?

A: The answer depends on how the schools define the amount of time it will take for their students to complete the associate's program. (See Volume 3, page 63 of the 04/05 Handbook.)

Grade-level progression

While the law defines minimum coursework for an academic year, it doesn't define how much coursework a student must complete to progress from one grade level to another. A reasonable approach would be to base grade levels on the number of credits required for the program, divided by the number of academic years it takes a typical student to earn that number of credits. For instance, if your school has a baccalaureate program that requires 120 semester hours of work and is typically completed in 4 years, then you might use a standard of 30 hours completed at each grade level.

Q: If the published program is 2 1/2 years, and students complete it in 2 1/2 years, can the school process at junior level for remaining period?

A: If, based on the number of credits per grade level, the program truly does take 2 1/2 years to complete; the school can prorate the remaining period based on 3rd-year loan limits (junior level).

IPD Hires Director of Compliance

Please congratulate Teresa Corno as she assumes her new position as Director of Corporate Compliance. In her new role, she will coordinate the ongoing training and Title IV regulatory consultation for all client institutions. She will also be responsible for the development of new policies, procedures, and internal controls related to Title IV compliance. Teresa has worked for IPD for the past 13 years. She began as the Campus Accounting Manager at Fontbonne University in 1992. During her tenure as the Accounting Manager, she began to travel to other locations to resolve issues and refine processes. She was promoted to Regional Accounting Manager in November 2000. She has worked with a number of the client institutions and has most recently been working with the Northern region. Teresa graduated from the University of Missouri at St. Louis with a bachelor's degree in Accounting. She is also a CPA who began her career in public accounting at KPMG. She currently has three children in college.....which has led to a great deal of familiarity with Financial Aid!!

Teresa will continue to fulfill her responsibilities as a Regional Accounting Manager in the Northern region until September 1, 2005. In the interim, Kristen Vedder will remain the primary contact for any Title IV issues or concerns.

IT Eliminates the Financial Aid Global Distribution List

The Financial Aid Global Distribution List has been disabled by Information Technology (IT). In an effort to tighten IT controls and potential exposure to viruses, the list has been deleted. We will continue to publish the contact listing and investigate new ways to communicate electronically. In the meantime, if you should have communications that need to be sent to all financial aid contacts within CAAHE, please forward them to Kristen Vedder at kristen.vedder@apollogrp.edu for distribution.

IPD Announces Financial Aid Training

IPD is pleased to announce the next Financial Aid Training for new directors/adult program processors. This training is available for client institutions with employees who are new to their financial aid positions. The training will be basic financial aid training for nontraditional programs utilizing non-term methodology. Topics of facilitation include the following:

- ◆ Application Process
- ◆ Satisfactory Academic Progress
- ◆ Scheduling
- ◆ Cash Management
- ◆ Loan Processing
- ◆ Return of Funds
- ◆ Pell Processing

- ◆ Regulatory Update
- ◆ Verification

The training is scheduled to be held in Phoenix, AZ on September 12 and 13, 2005. Participants should plan to arrive in Phoenix on Sunday, September 11.

Please complete the registration form at http://www.ipd.org/events/2005_fa_training/ by Friday, August 12, if your school is interested in participating or sending a staff member. If you have any questions, please contact Kristen Vedder at kristen.vedder@apollogrp.edu.

See you in Phoenix!

Goings On

Do you have information about job openings or upcoming events at your institution that you would like to share with other IPD Client Institutions? Just e-mail the information (including the name of the event or job opening; any relevant dates; and a name, telephone number, or e-mail address of a contact person) by October 1, 2005, to kristen.vedder@apollogrp.edu so that your information will be included in the next newsletter.

Editorial Staff

Kristen Vedder, Assistant Regional Vice President/Western Region
Kerri Krist, Assistant Editor/Design Layout
Alison Hilkih and Kristen Vedder, Contributors

The *Hot Topics* Financial Aid Newsletter is produced and distributed by the Institute for Professional Development (IPD), a higher education development and management corporation that assists private colleges and universities in developing unique adult-oriented degree programs. IPD is a member of the Consortium for the Advancement of Adult Higher Education (CAAHESM).